



## APPENDIX.

### Constitutional and Statutory Provisions.

#### CONSTITUTION :

The Congress shall have Power to dispose of and make all needful Rules and Regulations respecting the Territory or other Property belonging to the United States. (Art. IV, Sec. 3, Cl. 2.)

No person shall \* \* \* ; nor be deprived of life, liberty, or property, without due process of law. (Fifth Amendment.)  
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#### FEDERAL STATUTES :

The Organic Act for Puerto Rico, the "Jones Law", Act of March 2, 1917, c. 145, 39 Stat. 951 *et seq.*, provides :

Sec. 2. [Par. 1]. That no law shall be enacted in Porto Rico which shall deprive any person of life, liberty, or property without due process of law, or deny to any person therein the equal protection of the laws. \* \* \*

[Par. 22]. That the rule of taxation in Porto Rico shall be uniform.

Sec. 3. That no export duties shall be levied or collected on exports from Porto Rico, but taxes and assessments on property, internal revenue, and license fees, and royalties for franchises, privileges, and concessions may be imposed for the purposes of the insular and municipal governments, respectively, as may be provided and defined by the Legislature of Porto Rico;  
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Sec. 34. [Par. 9] No law shall be revived, or amended, or the provisions thereof extended or conferred by reference to its title only, but so much thereof as is revived, amended, extended, or conferred shall be re-enacted and published at length.

**PUERTO RICO:**

**Civil Code of Puerto Rico. (1930 Ed.).**

**SECTION 3.**—Laws shall not have a retroactive effect unless they expressly so decree.

In no case shall the retroactive effect of a law operate to the prejudice of rights acquired under previous legislative action.

**SECTION 91.**—The husband shall be the administrator of the conjugal property, except when stipulated otherwise.

The purchases made by the wife out of conjugal property shall be valid when the said purchases comprise things or articles for the use of the family, in accordance with their social position.

Nevertheless the real property belonging to the conjugal community may not be alienated or burdened, such a transaction being null, except when effected with the mutual consent of both parties to the marriage.

**SECTION 92.**—(Section 160, Civil Code of 1902, as amended by act of March 10, 1904, page 183.) The husband and wife shall have the right to manage and freely dispose of their respective separate estates.

**SECTION 93.**—The husband is the legal representative of the conjugal community.

**SECTION 95.**—Marriage is dissolved in the following cases:

1. By death of the husband or wife.
2. By divorce legally obtained.
3. If the marriage be declared null.

**SECTION 252.**—The word “property” is applicable in general to anything of which riches or fortune may con-

sist. This word is likewise relative to the word "things", which is the second object of jurisprudence, the rules of which refer to persons, things and actions.

SECTION 1267.—Persons who may be joined in matrimony may, before celebrating it, execute contracts, stipulating the conditions for the conjugal partnership with regard to present and future property, without any other limitations than those mentioned in this Code.

In the absence of contracts relating to property it shall be understood that the marriage has been contracted under the system of legal conjugal partnership.

SECTION 1268.—In the contracts referred to in the preceding section the contracting parties can not stipulate anything contrary to law or morality, nor humiliating to the authority within the family pertaining respectively to the future spouses.

All stipulations not in accordance with the provisions of this section shall be considered void.

SECTION 1295.—By virtue of the conjugal partnership the earnings and profits indiscriminately obtained by either of the spouses during the marriage shall belong to the husband and the wife, share and share alike, upon the dissolution of the marriage.

SECTION 1296.—The conjugal partnership shall always begin on the same day that the marriage is celebrated. Any stipulation to the contrary shall be void.

SECTION 1297.—This partnership cannot be renounced during the marriage, except in case of judicial separation.

When the renunciation should take place by reason of a separation, or after the marriage has been dissolved or annulled, said renunciation shall be included in a public instrument, and the creditors shall have the right granted them in section 955.

SECTION 1298.—The conjugal partnership shall be governed by the rules of articles of partnership in all that does not conflict with the express provisions of this chapter.

ARTICLE SECOND.—PROPERTY BELONGING TO EACH OF THE SPOUSES.

SECTION 1299.—(Section 1314, Civil Code of 1902, as amended by act of March 12, 1903, page 43.) The following is the separate property of the spouses: 1. That brought to the marriage as his or her own. 2. That acquired by either of them during the marriage by lucrative title, that is to say, by gift legacy or descent. 3. That acquired by right of redemption or by exchange for other property belonging to one of the spouses only. 4. That bought with money belonging exclusively to the wife or to the husband.

SECTION 1301.—To the conjugal partnership belong:

1. Property acquired for a valuable consideration during the marriage at the expense of the partnership property, whether the acquisition is made for the partnership or for one of the spouses only.

2. That obtained by the industry, salaries, or work of the spouses or of either of them.

3. The fruits, income, or interest collected or accrued during the marriage, coming from the partnership property, or from that which belongs to either one of the spouses.

SECTION 1302.—Whenever a sum or credit, payable in a certain number of years, belongs to one of the spouses, the sum collected for installments due during the marriage shall not be partnership property, but shall be considered as capital of the husband or of the wife, according to whom the credit belongs."

SECTION 1303.—The right to a usufruct or pension, belonging to one of the spouses, either in perpetuity or for life, shall form part of his or her own property; but the fruits, pensions, and interest due, during the marriage, shall be partnership property.

In this provision is included the usufruct which the spouses have in the property of their children, even though they be of another marriage.

SECTION 1304.—The useful expenses made on behalf of the private property of either one of the spouses through advances made by the partnership or by the industry of husband or wife are partnership property.

Buildings constructed during the marriage, on land belonging to one of the spouses shall also belong to the partnership, but the value of the land shall be paid to the spouse owning the same.

SECTION 1305.—Whenever the property belonging to the husband or to the wife should consist, in whole or in part, of cattle existing at the time of the dissolution of the partnership, the heads of cattle exceeding the number which were brought to the marriage, shall be considered as partnership property.

SECTION 1306.—The earnings obtained by the husband or wife by gambling, or proceeding from other causes exempt from restitution, shall belong to the conjugal partnership, without prejudice in a proper case, to the provisions of the Penal Code.

SECTION 1307.—All the property of the marriage shall be considered as partnership property until it is proven that it belongs exclusively to the husband or to the wife.

SECTION 1311.—What has been lost and paid for during marriage by either of the spouses, in any kind of game whatsoever, shall not diminish his or her respective share in the partnership.

Whatever has been lost and not paid for by either of the spouses in illicit games shall be charged to the conjugal partnership.

SECTION 1312.—The husband is the administrator of the conjugal partnership, with the exception of what is prescribed in section 91, chapter III, Title IV, Book first, of this Code.

SECTION 1313.—Notwithstanding the power which the husband has as administrator he shall not have the power to give, sell and to bind for a consideration the real estate of the conjugal partnership, without the express consent of the wife.

Every sale or agreement which the husband may make in respect to the said property in violation of this section and the other provisions of this Code, or in fraud of the wife shall be null and shall not prejudice her or her heirs.

SECTION 1314.—(Section 1329, Civil Code of 1902, as amended by the act No. 48, 1930, p. 368.) Neither husband

nor wife may dispose by will but of his (or her) half of the conjugal partnership.

SECTION 1316.—Upon the dissolution of the partnership an inventory shall immediately be made; but the same shall not be required for the liquidation:

1. When, after the partnership has been dissolved, one of the spouses or his or her legal representatives have at the proper time renounced its effects and consequences.

2. When the separation of the property may have preceded the dissolution of the partnership.

3. In the case to which the second paragraph of the preceding section refers.

In case of renunciation, the right granted creditors by section 955 shall always be reserved.

SECTION 1320.—After the deductions from the inventoried estate specified in the preceding sections have been made, the remainder of the same estate shall constitute the assets of the conjugal partnership.

SECTION 1322.—The net remainder of the partnership property shall be divided, share and alike, between the husband and the wife, or their respective heirs.

SECTION 1328.—The husband and the wife may request the separation of the property, and it shall be decreed, whenever the spouse of the plaintiff should have been condemned to a penalty which includes civil interdiction, or should have been declared an absentee, or should have given cause for divorce.

In order that the separation may be decreed, it shall be sufficient to present the final judgment rendered against the guilty or absent spouse in each one of the three cases above mentioned.

SECTION 1329.—After the separation of property has been ordered the conjugal partnership shall be dissolved, and its liquidation shall be made according to the provisions of this Code.

Nevertheless, the husband and the wife shall mutually attend to their support during the separation, and to the support of the children, as well as to their education, each one in proportion to his or her respective means.

SECTION 1333.—The administration of the property belonging to the marriage shall be transferred to the wife when her husband is incapacitated or absent.

### **Spanish Civil Code.**

ARTICULO 1415.—El marido podrá disponer de los bienes de la sociedad de gananciales para los fines expresados en el art. 1409. También podrá hacer donaciones moderadas para objetos de piedad o beneficencia, pero sin reservarse el usufructo.

### **Code of Civil Procedure. (1933 Ed.).**

SECTION 248.—(As amended by Act April 16, 1916, page 57)—All real and personal property belonging to any married woman at the time of her marriage, or to which she subsequently becomes entitled in her own right, and all compensation due or owing (here) for her personal services, is exempt from execution against her husband; but this privilege of exemption shall not extend to the benefits, income and proceeds from the private property of a married woman, one-half the value of the former being subject to an order of execution against the husband.

### **Code of Commerce.**

#### **Title I.—Commercial Companies**

#### **SECTION II. GENERAL COPARTNERS.**

(7686). ART. 127. All the members of the general co-partnership, be they or be they not managing partners of the same, are personally and jointly liable with all their property for the results of the transactions consummated in the name and for the account of the partnership, under the signature of the latter, and by the person authorized to make use thereof.

(7688) ART. 129. If the management of the general co-partnership has not been limited by a special instrument to one of its members, all of them shall have the right to take part in the direction and management of the common business, and the partners present shall come to an agreement with regard to all contracts or obligations in which the company may be interested.



(7690) ART. 131. Should there be partners especially intrusted with the management, the other partners can not oppose nor hinder them in the transaction of the business nor to prevent the effects thereof.

(7692) ART. 133. In general copartnerships all the partners, be they managing partners or not, have a right to examine the condition of the administration and of the bookkeeping and to make the objections which they may consider proper, in accordance with the agreements contained in the articles of copartnership or in the general provisions of law.

(7700) ART. 141. Losses shall be computed in the same proportion among the partners who have contributed the capital, without including those who have not, unless by special agreement the latter have been constituted as participants therein.

### SECTION III. LIMITED COPARTNERSHIPS.

#### [*Sociedad en Comandita*]

(7705) ART. 146. Limited copartnerships must transact business under the name of all the members thereof, of several of them, or of one only, it being necessary to add in the latter two cases to the names or names given, the words "and company" and in all cases the words "limited copartnership."

(7706) ART. 147. This general name shall constitute the firm name, in which there may never be included the names of special partners.

(7707) ART. 148. All the members of the copartnership, be they or be they not managing partners of the limited copartnership, are jointly and severally liable for the results of the transactions of the latter in the same manner and to the same extent as in the general copartnerships, as set forth in article 127.

They shall furthermore have the same rights and obligations which are prescribed in the foregoing sections for partners in general copartnerships.

The liability of special partners for the obligations and losses of the copartnership shall be limited to the funds which they contributed or bound themselves to contribute

to the limited copartnership, with the exception of the case mentioned in article 147.

Special partners can not take any part whatsoever in the management of the business of the copartnership, not even in the capacity of special agents of the managing partners.

(7709) ART. 150. Special partners can not enquire into the condition and situation of the business of the partnership except at the times and under the penalties prescribed in the articles of copartnership or in additional ones.

#### SECTION IV. CORPORATIONS.

##### [*Sociedad Anónima*]

(7712) ART. 153. The liability of the members of a corporation for the obligations and losses of the same shall be limited to the funds they contribute or bind themselves to contribute to the corporate capital.

(7713) ART. 154. The corporate capital, composed of the funds acquired by the sale of stock and of the accrued profits, shall be liable for the obligations contracted in its management and administration by a person legally authorized therefor and in the manner prescribed in the articles of incorporation, by-laws, or regulations.

(7714) ART. 155. The managers of corporations shall be designated by the members thereof in the manner determined in the articles of incorporation, by-laws, or regulations.

#### Political Code.

##### PROPERTY SUBJECT TO TAXATION.

SECTION 290.—(As amended by Act of Mar. 10, 1904, p. 169):

That all property not expressly exempted from taxation shall be assessed and taxed. For the purposes of the assessment and collection of taxes, real property shall be deemed to be synonymous with immovables as defined in Sections 333, 334 and 335 of the Civil Code: Provided, however, That machinery, vessels, instruments or implements not fixed to the building or soil shall not be deemed to be

real property. Personal property shall include such machinery, vessels, instruments or implements not fixed to the building or soil, livestock, money, whether in the possession of the owner thereof or held by or on deposit with some other person or institution, bonds, stocks, certificates in unincorporated syndicates or partnerships, patent-rights, trade-marks, franchises, concessions and all other matters and things capable of private ownership and not included within the meaning of the term "Real Property", but shall not include book-credits, promissory notes nor other personal credits.

### **Income Tax Act of August 6, 1925, as Amended.**

SECTION 3. (as amended by section 1 of Act No. 2 of May 25, 1939, and as it stood on March 15, 1941) (a) "The term 'taxable year' means the calendar year, or the fiscal year ending during each calendar year, upon the basis of which the net income is computed under sections 14 to 30. The term 'fiscal year' shall mean an accounting period of twelve months ending on the last day of any month other than December. The term 'taxable' includes, in the case of a return made for a fraction of a year under the provisions of this title or under regulations prescribed by the Treasurer, the period for which such return has been made. The first taxable year, for the purpose of this Act, shall be calendar year 1939, or any fiscal year ending during the calendar year 1939."

"SECTION 3. (as amended by Sec. 2, Act No. 31, Apr. 12, 1941)—(a) The term 'taxable year' means the calendar year, or the fiscal year ending during each calendar year, upon the basis of which the net income is computed under Sections 14 or 30. The term 'fiscal year' shall mean an accounting period twelve (12) months ending on the last day of any month other than December. The term 'taxable year' includes, in the case of a return made for a fraction of a year under the provisions of this title or under regulations prescribed by the Treasurer, the period for which such return has been made. The first taxable year, for the purpose of this Act, shall be the calendar year 1940, or any fiscal year ending during the calendar year 1940."

"SECTION 3.—(as amended by Sec. 1, Act No. 23, Nov. 21, 1941)—(a) The term 'taxable year' means the calendar

year, or the fiscal year ending during each calendar year, upon the basis of which the net income is computed under Sections 14 to 30. The term 'fiscal year' shall mean an accounting period of twelve (12) months ending on the last day of any month other than December. The term 'taxable year' includes, in the case of a return made for a fraction of a year under the provisions of this title or under regulations prescribed by the Treasurer, the period for which such return has been made. The first taxable year, for the purposes of this Act, shall be the calendar year, 1941, or any fiscal year ending during the calendar year 1941."

SECTION 4.—(as originally enacted, and as it stood Mar. 15, 1941)—(a) The term 'dividend' when used in this title (except when used in paragraph (9) of subdivision (a) of section 32 and paragraph (4) of subdivision (a) of section 43) means any distribution made by a corporation to its shareholders, whether in money or in other property, out of its earnings or profits accumulated after February 28, 1913; and the term "profits" means *any distribution made by a partnership* to its members and participants out of its earnings obtained after February 28, 1913.

"SECTION 4.—(As amended by Section 3 of Act No. 31 of April 12, 1941.—(a) The term 'dividend' when used in this title, except when used in paragraph (8) of subdivision (a) of Section 32 and paragraph (3) of subdivision (a) of Section 43 shall mean any distribution made by a corporation to its shareholders, whether in money or in other property, out of its earnings or profits accumulated after February 28, 1913, or out of the returns, earnings or profits obtained during the taxable year, computed at the close of the taxable year without making any deductions for any distribution made during the taxable year, regardless of what the amount of the earnings, returns, or profits might have been or where at the time the distribution was made. The term 'earnings' shall mean *any share or right to share in a partnership*, which belongs to its partners or participants in each taxable year out of the earnings or profits of any partnership."

SECTION 12. (as amended by section 2, Act No. 2, May 25, 1939, and as it stood March 15, 1941) (a) "There shall be levied, collected and paid for each taxable year on the net income of every individual a normal tax of 6.90 per cent

of the amount of the net income in excess of the credits provided in Section 18; except that in the case of residents of Puerto Rico the rate on the first three thousand (3,000) dollars of said amount in excess shall be 2.30 per cent, and on the following four thousand (4,000) dollars of said amount in excess the rate shall be 4.60 per cent."

"SECTION 12.—(As amended by Section 1 of Act No. 159 of May 13, 1941.—(a) There shall be levied, collected and paid for each taxable year on the net income of every person a resident of Puerto Rico a normal tax of eight (8) per cent of the amount of the net income in excess of the credits provided in Section 18; except that in the case of American citizens, residents of Puerto Rico, the rate on the first three thousand (3,000) dollars of said amount in excess shall be three (3) per cent, and on the following two thousand (2,000) dollars of said amount in excess, the rate shall be five (5) per cent, and on the following two thousand (2,000) dollars of said amount in excess, or, that is: \$5,000 to \$7,000, the rate shall be seven (7) per cent; *Provided*, That said normal tax may also be assessed and collected on the income received by shareholders for dividends; *Provided, further*, That on the income of every person not a resident of Puerto Rico who is not a citizen of Puerto Rico there shall be levied, collected, and paid for each taxable year, a normal tax of ten (10) per cent on the amount of the net income, except that in the case of nonresidents who are American citizens the normal tax shall be eight (8) per cent on the net income, and there shall be levied, in addition, the surtax fixed by Section 13."

SECTION 13.—(As amended by Section 6 of Act No. 31 of April 12, 1941.)—(a) In addition to the normal tax imposed by Section 12 of this Act, there shall be levied, collected, and paid for each taxable year on the net income of every individual a surtax as follows:

"On a net income of up to \$7,000, inclusive, there shall be no surtax; on larger incomes in excess of \$7,000 and not in excess of \$10,000, three (3) per cent on such excess. \$90 on net incomes of \$10,000; and on net incomes in excess of \$10,000 and not in excess of \$14,000, five (5) per cent additional on such excess. \$290 on net incomes of \$14,000; and on net incomes in excess of \$14,000 and not in excess of \$16,000, seven (7) per cent additional on such excess. \$430

on net incomes of \$16,000; and on net incomes in excess of \$16,000 and not in excess of \$18,000, nine (9) per cent additional on such excess. \$610 on net incomes of \$18,000; and on net incomes in excess of \$18,000 and not in excess of \$20,000, ten (10) per cent additional on such excess. \$810 on net incomes of \$20,000; and on net incomes in excess of \$20,000 and not in excess of \$22,000, eleven (11) per cent additional on such excess. \$1,030 on net incomes of \$22,000; and on net incomes in excess of \$22,000 and not in excess of \$24,000, twelve (12) per cent additional on such excess. \$1,270 on net incomes of \$24,000; and on net incomes in excess of \$24,000 and not in excess of \$26,000, thirteen (13) per cent additional on such excess. \$1,530 on net incomes of \$26,000; and on net incomes in excess of \$26,000 and not in excess of \$28,000, fourteen (14) per cent additional on such excess. \$1,810 on net incomes of \$28,000; and on net incomes in excess of \$28,000 and not in excess of \$30,000, fifteen (15) per cent additional on such excess. \$2,110 on net incomes of \$30,000; and on net incomes in excess of \$30,000 and not in excess of \$34,000, sixteen and one-half ( $16\frac{1}{2}$ ) per cent additional on such excess. \$2,770 on net incomes of \$34,000; and on net incomes in excess of \$34,000 and not in excess of \$36,000, seventeen and one-half ( $17\frac{1}{2}$ ) per cent additional on such excess. \$3,120 on net incomes of \$36,000; and on net incomes in excess of \$36,000 and not in excess of \$38,000, eighteen and one-half ( $18\frac{1}{2}$ ) per cent additional on such excess. \$3,490 on net incomes of \$38,000; and on net incomes in excess of \$38,000 and not in excess of \$42,000, twenty (20) per cent additional on such excess. \$4,290 on net incomes of \$42,000; and on net incomes in excess of \$42,000 and not in excess of \$44,000, twenty-one (21) per cent additional on such excess. \$4,710 on net incomes of \$44,000; and on net incomes in excess of \$44,000 and not in excess of \$46,000, twenty-two (22) per cent additional on such excess. \$5,150 on net incomes of \$46,000; and on net incomes in excess of \$46,000 and not in excess of \$52,000, twenty-four (24) per cent additional on such excess. \$6,590 on net incomes of \$52,000; and on net incomes in excess of \$52,000 and not in excess of \$58,000, twenty-six (26) per cent additional on such excess. \$8,150 on net incomes of \$58,000; and on net incomes in excess of \$58,000 and not in excess of \$64,000, twenty-eight (28) per cent additional on such excess. \$9,830 on net incomes of \$64,000; and on net

incomes in excess of \$64,000 and not in excess of \$70,000, thirty (30) per cent additional on such excess. \$11,730 on net incomes of \$70,000; and on net incomes in excess of \$70,000 and not in excess of \$76,000; thirty-two (32) per cent additional on such excess. \$13,690 on net incomes of \$76,000; and on net incomes in excess of \$76,000 and not in excess of \$82,000, thirty-four (34) per cent additional on such excess. \$51,690 on net incomes of \$82,000; and on net incomes in excess of \$82,000 and not in excess of \$88,000, thirty-six (36) per cent additional on such excess. \$17,850 on net incomes of \$88,000; and on net incomes in excess of \$88,000 and not in excess of \$94,000, thirty-eight (38) per cent additional on such excess. \$20,130 on net incomes of \$94,000; and on net incomes in excess of \$94,000, forty (40) per cent additional on such excess.

SECTION 18. (as it stood March 15, 1940) "For the purpose of the normal tax only there shall be allowed the following credits:

(a) The amount received as partnership profits or dividends (1) from a domestic corporation or (2) from a foreign corporation when it is shown to the satisfaction of the Treasurer that more than 50 per centum of the gross income of such foreign corporation for the three-year period ending with the close of its taxable year preceding the declaration of such dividends (or for such part of such period as the corporation has been in existence) was derived from sources within Porto Rico as determined under the provisions of section 19;

(b) The amount received as interest upon the obligations of the United States, the obligations of The People of Porto Rico or of any political subdivision thereof, which is included in gross income under section 15;

(c) In the case of an unmarried person, a personal exemption of \$1,000; or in the case of the head of a family or a married person living with husband or wife, a personal exemption of \$2,500. A husband and wife living together shall receive but one personal exemption. The amount of such personal exemption shall be \$2,500. If such husband and wife make separate returns, the personal exemption may be taken by either or divided between them;

(d) \$400 for each person (other than husband or wife) dependent upon and receiving his chief support from the taxpayer if such dependent person is under twenty-one years of age or is incapable of self-support because mentally or physically defective;

(e) In the case of a nonresident individual not a citizen of Porto Rico the personal exemption shall be only \$1,000. The credit provided in subdivision (d) shall not be allowed in the case of a nonresident individual not a citizen of Porto Rico;

(f) (1) The credits allowed by subdivisions (d) and (e) of this section shall be determined by the civil status of the taxpayer on the last day of his taxable year;

(2) The credit allowed by subdivision (e) of this section shall, in case the civil status of the taxpayer changes during his taxable year, be the sum of (A) an amount which bears the same ratio to \$1,000 as the number of months during which the taxpayer was unmarried bears to 12 months, plus (B) an amount which bears the same ratio to \$2,500 as the number of months during which the taxpayer was a married person living with husband or wife or was the head of a family bears to 12 months. For the purposes of this paragraph a fractional part of a month shall be disregarded unless it amounts to more than half a month, in which case it shall be considered as a month.

(3) In the case of an individual who dies during the taxable year, the credits allowed by subdivisions (c), (d) and (e) shall be determined by his civil status at the time of his death, and in such case full credits shall be allowed to the surviving spouse, if any, according to his or her civil status at the close of the taxable year."

"SECTION 18.—(As amended by Sec. 10, Act No. 31, Apr. 12, 1941)—For the purpose of the normal tax, there shall be allowed only the following credits:

"(a) The amount received as interest on obligations of the United States, the obligations of The People of Puerto Rico or of any political subdivision thereof, which is included in gross income under section 15;

"(b) In the case of an unmarried person, a personal exemption of 800; or in the case of the head of a family or a



married person living with husband or wife, a personal exemption of \$2,000. A husband and wife living together shall receive but one personal exemption. The amount of such personal exemption shall be \$2,000.

“(c) Four hundred (400) dollars for each person (other than husband or wife) dependent upon and receiving his support exclusively from the taxpayer if such dependent person is under twenty-one years of age or is incapable of self-support because mentally or physically defective, or is pursuing university studies and until he obtains his university degree, provided the age of the student does not exceed twenty-five years;

“(d) The credit provided for under subdivisions (b) and (c) shall not be allowed in the case of a nonresident individual who is not a citizen of Puerto Rico;

“(e) (1) The credit allowed by subdivision (c) of this section shall be determined by the civil status of the taxpayer on the last day of his taxable year;

“(2) The credit allowed by subdivision (b) of the section shall in case the civil status of the taxpayer changes during his taxable year, be the sum of (A) an amount which bears the same ratio to \$800 as the number of months during which the taxpayer was unmarried bears to 12 months, plus (B) an amount which bears the same ratio to \$2,000 as the number of months during which the taxpayer was a married person living with husband or wife, or was the head of a family, bears to 12 months. For the purposes of this paragraph a fractional part of a month shall be disregarded unless it amounts to more than half a month, in which case it shall be considered as a month”;

“SECTION 15.—For the purpose of this title, except as otherwise provided in section 31:

(a) The term “gross income” includes gains, profits and income derived from salaries, wages, or compensation for personal services (including in the case of the officers and employees of the People of Puerto Rico or of any political subdivision thereof, the compensation received as such), of whatever kind and in whatever form paid, or from professions, vocations, trades, business, commerce, or sales, or dealings in property whether real or personal growing out

of the ownership or use of or interest in such property; also from interest, rent, dividends, partnership profits, securities, or the transaction of any business carried on for gain or profit or gains or profits and income derived from any source whatever; Provided, That in case of the sale outside of Puerto Rico of fruits, products or manufactures harvested, produced or manufactured in Puerto Rico, the selling price, for the purposes of this Act, may be computed by the Treasurer on the basis of the market price in the Island on the date of shipment of said fruits, products or manufactures; Provided, further, That when the Treasurer of Puerto Rico experiences difficulty in determining said market value in the Island, he may use market quotations for the date of shipment in the countries where such sales are made, his information to be obtained from the best sources available to him, and the expenses actually paid or incurred in the transportation of said fruits, products or manufactures shall be given due regard by the Treasurer in determining said selling price. The amount of all such items shall be included in the gross income for the taxable year in which received by the taxpayer, unless, under the methods of accounting permitted under subdivision (b) of section 14, any such amounts are to be properly accounted for as of a different period."

SECTION 24.—(as originally enacted, and as it stood March 15, 1941)—(a) The following individuals shall each make under oath a return stating specifically the items of his gross income and the deductions and credits allowed under this title—

(1) Every individual having a net income for the taxable year of \$1,000 or over if unmarried, or if married and not living with husband or wife;

(2) Every individual having a net income for the taxable year of \$2,500 or over, if married and living with husband or wife; and

(3) Every individual having a gross income for the taxable year of \$5,000 or over, regardless of the amount of his net income.

(b) If a husband and wife living together have an aggregate net income for the taxable year of \$2,500, or over, or an aggregate gross income for such year of \$5,000 or over—

(1) Each shall make such a return, or

(2) The income of each shall be included in a single joint return, in which case the tax shall be computed on the aggregate income."

SECTION 24.—(as amended by Act No. 31, April 12, 1941)  
—(a) "The following individuals shall each make under oath a return stating specifically the items of his gross income and the deductions and credits allowed under this title—

'(1) Every individual having a net income for the taxable year of \$800 or over if unmarried, or if married and not living with husband or wife;

'(2) Every individual having a net income for the taxable year of \$2,000 or over, if married and living with husband or wife; and

'(3) Every individual having a gross income for the taxable year of \$5,000, or over, regardless of the amount of his net income.

'(b) If a husband and wife living together have a net income for the taxable year of \$2,000, or over, or an aggregate gross income for such year of \$5,000 or over, the total income of both shall be included in a single joint return, and the normal and additional tax shall be computed on the aggregate income. The net or gross income received by anyone of the spouses shall not be divided between them."

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SECTION 28 (as amended by section 5, Act No. 2, May 25, 1939) "There shall be levied, collected, and paid for each taxable year on the net income of every corporation or partnership a tax of 14.375 per cent on the net income in excess of the credits provided for in Section 34."

SECTION 28. (as amended by section 14, Act No. 31, April 12, 1941)—(a) There shall be levied, collected, and paid for each taxable year on the net income of every corporation or partnership a tax of nineteen (19) per cent on the net income in excess of the credits provided for in Section 34, except that domestic corporations and partnerships shall pay a tax of seventeen (17) per cent."

SECTION 56.—As used in this title the term “deficiency” means—

(1) The amount by which the tax imposed by this title exceeds the amount shown as the tax by the taxpayer upon his return; but the amount so shown on the return shall first be increased by the amounts previously assessed (or collected without assessment) as a deficiency, and decreased by the amounts previously abated, credited, refunded, or otherwise repaid in respect of such tax; or

(2) If no amount is shown as the tax by the taxpayer upon his return, or if no return is made by the taxpayer, then the amount by which the tax exceeds the amounts previously assessed (or collected without assessment) as a deficiency; but such amounts previously assessed, or collected without assessment shall first be decreased by the amounts previously abated, credited, refunded, or otherwise repaid in respect of such tax.

SECTION 57.—(a) If, in the case of any taxpayer, the Treasurer determines that there is a deficiency in respect of the tax imposed by this title, the taxpayer, except as provided in subdivision (d), shall be notified of such deficiency by registered mail, but such deficiency shall be assessed only as hereinafter provided. Within 30 days after such notice is mailed the taxpayer may file an appeal with the Board of Review and Equalization, alleging in writing and under oath the legal facts and grounds on which such appeal is based.